

No. 11/ 32 /DPM

Jakarta, December 7, 2009

CIRCULAR LETTER

Subject : Procedures for Auction for State Notes in the Primary Market and Administration of State Notes

With regard to the coming into effect of Regulation of Bank Indonesia Number 10/13/PBI/2008 dated August 21, 2008 concerning the Auction for and Administration of State Notes (State Gazette of the Republic of Indonesia Year 2008 Number 123, Supplement to the State Gazette of the Republic of Indonesia Number 4888) and Regulation of Bank Indonesia Number 10/2/PBI/2008 dated February 4, 2008 concerning the Bank Indonesia – Scripless Securities Settlement System (State Gazette of the Republic of Indonesia Year 2008 Number 11, Supplement to the State Gazette of the Republic of Indonesia Number 4809) as well as the Regulation of the Minister of Finance regulating the direct transaction of the State Notes, the Regulation of the Minister of Finance regulating the sale of State Notes through private placement in the domestic Primary Market, the Regulation of the Minister of Finance regulating the auction for State Notes in the Primary Market and change of mechanism of retail State Notes settlement, it is considered necessary to formulate additional regulation on the implementation guidelines on the procedures for auction for State Notes in the Primary Market and administration of State Notes in the Circular Letter of Bank Indonesia as follows:

I. General Provisions

1. State Notes, hereinafter referred to as SUN, shall be Notes in the form of an acknowledgement of indebtedness in rupiah currency

whose interest and principal payment are secured by the State of the Republic of Indonesia in accordance with its maturity period.

2. Treasury Bills, hereinafter referred to as SPN, shall be SUN having up to 12 (twelve) months maturity period, whose payment for interest is made on a discount basis.
3. State Bond shall be SUN having more than 12 (twelve) months maturity period with coupon and/or with payment for interest on a discount basis.
4. Retail State Bond, hereinafter referred to as ORI, shall be State Bond sold to Indonesian Citizen private persons or individuals through a selling agent.
5. Bank shall be Commercial Bank as intended in Law Number 7 Year 1992 concerning Banking System as amended by Law Number 10 Year 1998, which conduct the activity conventionally.
6. Minister shall be the Minister of Finance of the Republic of Indonesia.
7. Main Dealer shall be Bank and/or securities company designated by the Minister as a Main Dealer as intended in the Regulation of the Minister of Finance regulating the Main Dealer System.
8. Transaction Member shall be the parties which may conduct direct SUN transaction with the Government based on the Regulation of the Minister of Finance.
9. Auction for SUN shall be sale of SUN through the mechanism of auction in the Primary Market by the Government.
10. Primary Market shall be an offer and sale activity of SUN for the first time.
11. Secondary Market shall be a trading activity of SUN which has been sold in the Primary Market.
12. Competitive Bidding shall be bidding submission by indicating the volume and the yield or price level wanted by the bidders.

13. Non-Competitive Bidding shall be bidding submission by indicating the volume without the yield or price level wanted by the bidders.
14. Bank Indonesia – Real Time Gross Settlement System, hereinafter referred to as BI-RTGS System, shall be an electronic fund transfer system among the members of BI-RTGS System in rupiah currency, the settlement of which is executed instantly and individually for each transaction.
15. Bank Indonesia – Scripless Securities Settlement System, hereinafter referred to as BI-SSSS, shall be a facility of transaction with Bank Indonesia including its administration and electronic securities administration which connects directly the BI-SSSS members and organizers and BI-RTGS System.
16. Broker Bidding Limit shall be a grant of authority from the Bank or the Sub-Registry through BI-SSSS to the Transaction Member of the SUN Auction to be able to make daily bid in the SUN Auction for and on behalf of the Bank or the client of the Sub-Registry at the maximum amount of the given bidding limit.
17. Administration of SUN shall be an activity including the registration of ownership, clearing and settlement as well as the paying agent of SUN interest (coupon) and principal amount.
18. Central Registry shall be Bank Indonesia which performs the function of administration of securities for the interest of the BI-SSSS members having Securities Account at BI-SSSS.
19. Sub-Registry shall be the Bank and institution which are qualified to perform a custodian activity and approved by Bank Indonesia to perform the function of administration of securities including SUN and State Sharia Securities (SBSN) for the interest of the client.
20. Commercial Bank Daily Report System, hereinafter referred to as LHBU System, shall be a facility of Bank daily reporting to Bank

Indonesia including provision of financial market information and announcement from Bank Indonesia.

21. Free of Payment, hereinafter referred to as FoP, shall be a settlement of securities transaction through the settlement of securities executed through BI-SSSS while the settlement of fund is not executed simultaneously with the settlement of securities or without the settlement of fund.
22. SUN Buyback Auction, hereinafter referred to as Buyback Auction, shall be the SUN buyback in the Secondary Market by the Government prior to the due date by cash and/or by debt switching in a certain period of bid previously determined and announced.
23. SUN Lending Facility shall be a facility provided by the Minister to a Main Dealer to make SUN lending in accordance with the procedures stipulated in the applicable Regulation of the Minister of Finance.
24. Direct SUN Transaction shall be a direct sale of SUN in the Primary Market or a buyback of SUN in the Secondary Market made between the Government and a Main Dealer, Bank Indonesia or an Indonesian Deposit Guaranty Corporation through the Dealing Room facility at the Directorate General of Debt Management – the Department of Finance of the Republic of Indonesia.
25. Private Placement shall be the activity of sale of SUN in the domestic Primary Market made between the Government and any parties approved by the Government, under the terms and conditions of SUN in accordance with the agreement.
26. Paying Bank shall be a member Bank of BI-RTGS System designated by a Transaction Member to execute fund payment and/or receipt in the context of the settlement of SUN transaction.
27. Securities Account shall be an account owned by a certain member of BI-SSSS at BI-SSSS used to register securities and/or instrument ownership for monetary management.

28. Giro Account shall be a giro account in rupiah currency administered in Bank Indonesia which is used in the context of the implementation of BI-SSSS.

II. Procedures for Auction for SUN

A. Terms and Conditions

1. The Transaction Member in the SUN Auction transaction shall be a Main Dealer, Bank Indonesia and/or the Indonesian Deposit Guaranty Corporation.
2. The Transaction Member may submit a bid of SUN under the following conditions:
 - a. In the event of Auction for SUN in the form of SPN, a Main Dealer, Bank Indonesia and/or the Indonesian Deposit Guaranty Corporation.
 - b. In the event of Auction for SUN in the form of State Bond, a Main Dealer and/or the Indonesian Deposit Guaranty Corporation.
3. Main Dealer which may attend the Auction for SUN shall be the Main Dealer which is designated by the Minister to attend the Auction for SUN and is not imposed a sanction prohibiting it from attending the SUN Auction.
4. The Main Dealer may submit a bid of SUN on its own behalf and/or on behalf of other party in accordance with the applicable Regulation of the Minister of Finance.
5. The Indonesian Deposit Guaranty Corporation may only submit a bid of SUN for and on its own behalf.
6. Bid Submission in the Auction for SUN shall be made under the submission of Competitive Bidding and/or Non-competitive Bidding in a period of bid previously determined and announced.

7. In the event that a Main Dealer submits a bid for the SUN Auction for and on its own behalf, both directly and through another Main Dealer, the bid may only be made through a Competitive Bidding.
8. In the event that a Main Dealer submits a bid for the SUN Auction for and on behalf of other party, the bid submission shall be made with the following conditions:
 - a. bid submission in the Auction for SPN shall be made through a Competitive Bidding;
 - b. bid submission in the Auction for State Bond shall be made through a Competitive Bidding and/or Non-competitive Bidding.
9. The Indonesian Deposit Guaranty Corporation may submit a bid in the Auction for SUN with the following conditions:
 - a. the bid shall be made directly not through a Main Dealer;
 - b. the bid shall only be made through a Non-competitive Bidding.
10. The Auction for SUN shall be conducted on Tuesday at 10.00 WIB (West Indonesia Time) up to 12.00 WIB and/or on other business day and at other time determined by the Minister *c.q.* the Director General of Debt Management. Every schedule change of the Auction for SUN shall be announced by Bank Indonesia through LHBUS System and/or other means of communication used by Bank Indonesia.
11. The facility used for submitting a bid in the Auction for SUN shall be BI-SSSS.
12. Bank Indonesia shall announce the auction plan by no later than 1 (one) business day prior to the day of the SUN Auction

through BI-SSSS, LHBUS System and/or other means of communication used by Bank Indonesia.

13. In the event that a Bank submits a bid for the SUN Auction through a Main Dealer, the Bank concerned must determine the Broker Bidding Limit for each day for the Main Dealer.
14. Transaction Member other than Bank submitting a bid for the SUN Auction must designate a Sub-Registry to execute the settlement of the SUN Auction results.
15. The Sub-Registry designated to execute the settlement of the SUN Auction results must determine the Broker Bidding Limit for each day for the Transaction Member for the interest of the Sub-Registry's client.
16. The determination of the Broker Bidding Limit as intended in number 13 and number 15 must be provided for in an agreement between the Bank or the Sub-Registry and the Main Dealer.

B. Implementation of the Auction for SUN

1. Prior to the auction, Bank Indonesia shall announce the plan for the Auction for SUN through BI-SSSS, LHBUS System and/or other means of communication used by Bank Indonesia.
2. The announcement of the plan for Auction for SUN must at least indicate the following:
 - a. type of SUN;
 - b. date of auction;
 - c. indicative target offered;
 - d. issuance date and maturity date;
 - e. currency;
 - f. time of opening and closing of bid;
 - g. time for announcing the results of auction;

- h. date of settlement; and
 - i. in the event that a combination of competitive and non-competitive bidding is made, allotment of Non-competitive Bidding
3. On the day of Auction for SUN, the Transaction Member shall submit a bid of quantity and discount level or yield or price level for Competitive Bidding or a bid of quantity for Non-competitive Bidding.
 4. The Transaction Member shall submit a bid for SUN Auction through Competitive Bidding under the following conditions:
 - a. the submission of a bid of quantity from each Transaction Member shall be no less than 1,000 (one thousand) unit or Rp1,000,000,000.00 (one billion rupiah) and shall be added in the multiple of 100 (one hundred) unit or Rp100,000,000.00 (one hundred million rupiah);
 - b. the bid of discount or yield level shall be submitted in the multiple of 1/32 (one thirty-second) or 0.03125 (three thousand one hundred and twenty-five per one hundred thousand);
 - c. the bid of price shall be submitted in the multiple of 0.05% (five per ten thousand).
 5. In the event that the Transaction Member submits a bid for SUN Auction through Non-competitive Bidding, the submission of a bid of quantity shall be made under the conditions as intended in point 4.a.
 6. The Transaction Member shall be responsible for the accuracy of data on bid.
 7. The Transaction Member which has submitted its bid may not cancel its bid.

C. Decision on Awardees of SUN Auction

1. The Minister shall determine the results of the Auction for SUN comprising the auction winner, nominal value and discount level or yield or price level.
2. The Minister may receive all or a part of or reject all of the auction bid received.

D. Announcement of Results of SUN Auction

1. Bank Indonesia shall announce the results of the Auction for SUN determined by the Minister as intended in point C.1 through BI-SSSS, LHBUS System and/or other means of communication used by Bank Indonesia at the end of the SUN Auction day.
2. The announcement of the results of SUN Auction as intended in number 1 shall at least indicate the overall auction quantity and the weighted average of the discount level, yield or price level.
3. Bank Indonesia shall convey the decision on Auction for SUN awardees to each auction winner through BI-SSSS, the decision of which must at least indicate the winner's name, nominal value and discount level, yield or price level.
4. In the event that the Minister rejects all or a part of the bid in the Auction for SUN, Bank Indonesia shall announce such rejection through BI-SSSS, LHBUS System and/or other means of communication used by Bank Indonesia.

III. Procedures for Administration of SUN

A. Terms and Conditions

1. Bank Indonesia shall register the issuance of SUN in accordance with the terms and conditions or the addendum of terms and conditions stipulated by the Minister.

2. On the date of settlement, Bank Indonesia shall execute the settlement of SUN based on the letter from the Minister concerning the decision on the results of the SUN Auction, SUN allotment and/or result of SUN transaction which is not made through BI-SSSS.
3. The Transaction Member other than Bank must designate a Sub-Registry to execute the settlement of SUN and the registration of SUN ownership.
4. The Sub-Registry designated by the Transaction Member other than Bank shall designate a Paying Bank to execute fund settlement.
5. The Transaction Member and the designated Paying Bank must ensure fund sufficiency in the Giro Account of the Transaction Member and/or the Paying Bank in order to execute fund settlement of the results of transaction with the Government made through an auction or a non-auction on the date of settlement.
6. The Transaction Member and the designated Sub-Registry must ensure the sufficiency of SUN serial and nominal value in the Securities Account of the Transaction Member and/or the Sub-Registry in order to execute securities settlement as the result of transaction with the Government made through an auction or a non-auction on the date of settlement.
7. After the settlement of SUN, the Sub-Registry shall be required to register SUN ownership on behalf of the client individually with the Sub-Registry's internal system on the same day.

B. Settlement

1. Settlement of Results of SUN Auction

- a. The settlement of the results of SUN Auction shall be made under the following conditions:
 - 1) the settlement of the results of SPN Auction shall be made by no later than 2 (two) business days as of the date of Auction for SPN (T+2);
 - 2) the settlement of the results of State Bond Auction shall be made by no later than 5 (five) business days as of the date of Auction for State Bond (T+5).
- b. Bank Indonesia shall execute the settlement of SUN Auction to the awardees on the date of settlement with the following procedures:
 - 1) Fund Settlement
Fund settlement shall be made through BI-RTGS System by debiting the Giro Account of the Transaction Member and/or the designated Paying Bank and crediting the Giro Account of the Government in the amount of the settlement value.
 - 2) Securities Settlement
Securities settlement shall be made by crediting the Securities Account of the Transaction Member and/or the designated Sub-Registry in the amount of the total nominal value of the SUN being won.
- c. In the event that the fund in the Giro Account of the Transaction Member and/or the designated Paying Bank is insufficient up to the cut-off warning of BI-RTGS System, the settlement transaction of the results of SUN Auction executed through the Transaction

Member or the designated Paying Bank shall be declared as fail.

2. Settlement of Results of Buyback Auction

- a. The settlement of the results of Buyback Auction shall be executed in 3 (three) business days as of the date of auction (T+3) starting at 10.00 WIB or at the time determined by the Department of Finance.
- b. Bank Indonesia shall execute settlement under the following procedures:

1) Cash Settlement of Buyback Auction

- a) debiting the Securities Account of the Transaction Member and/or the designated Sub-Registry up to the time limit of settlement of securities in BI-SSSS in the amount of serial and nominal value of SUN bought back by the Government.
- b) crediting the Securities Account of the Government or making early redemption for the SUN serial bought back by the Government.
- c) debiting the Giro Account of the Government and crediting the Giro Account of the Transaction Member and/or the designated Paying Bank in the amount of the settlement value.

2) Settlement of Buyback Auction through debt switching

- a) Debiting the Securities Account of the Transaction Member and/or the

designated Sub-Registry up to the time limit of settlement of securities in BI-SSSS in the amount of serial and nominal value of SUN bought back by the Government

- b) Crediting the Securities Account of the Government or making early redemption for the serial of SUN bought back by the Government.
- c) Registering the issuance of exchange series SUN and crediting the Securities Account of the Transaction Member and/or the designated Sub-Registry.
- d) Buyback Auction may cause the occurrence of cash difference in Government's cost or in Transaction Member's cost.
- e) In the event of cash difference in the Government's cost, Bank Indonesia shall make fund settlement through BI-RTGS System by debiting the Giro Account of the Government and crediting the Giro Account of the Transaction Member and/or crediting the designated Paying Bank in the amount of cash difference.
- f) In the event of cash difference in the Transaction Member's cost, Bank Indonesia shall make fund settlement through BI-RTGS System by debiting

the Giro Account of the Transaction Member and/or the designated Paying Bank and crediting the Giro Account of the Government in the amount of the cash difference.

- c. In the event that the Securities Account of the Transaction Member and/or the designated Sub-Registry is insufficient to make the securities settlement as intended in point b.1)a) and point b.2)a), the party concerned must make the settlement intended by no later than the period of 2 (two) business days as of the date of the first settlement.
- d. In the event that the provisions as intended in letter c cannot be met, the relevant transaction shall be declared as fail.

3. Settlement of SUN Lending Facility

- a. The settlement of SUN Lending Facility granted to the Transaction Member shall be made in 2 (two) business days as of the application approval by the Minister *c.q.* the Director General of Debt Management (T+2).
- b. The repayment settlement of SUN lent and secured in the context of SUN Lending Facility granted to the Transaction Member shall be made on the maturity date of such lending.
- c. The procedures for settlement of SUN Lending Facility shall be performed as follows:
 - 1) Settlement of Granting of SUN Lending Facility

On the date of the settlement of granting of SUN Lending Facility, the following matters shall be performed:

- a) The Transaction Member shall pay SUN lending fee through BI-RTGS System to the Giro Account of the Government No. 500.000003 in the name of “*Menteri Keuangan Penerimaan Penerbitan Surat Berharga Negara*”.
- b) The Transaction Member shall convey the receipt of SUN lending fee as intended in letter a) to Bank Indonesia c.q. the Directorate of Monetary Management – Settlement of Monetary Management Transaction Division (DPM-PTPM Division) at the following address:
 Menara Sjafruddin Prawiranegara, 11th Floor
 Jl. M.H. Thamrin No. 2
 Jakarta-10350
 Telephone: 021-381 8366/021-381 7414
 Facsimile: 021-231 0171
- c) The Transaction Member or the designated Sub-Registry and Bank Indonesia on behalf of the Government shall make transfer settlement of the serial of SUN secured through BI-SSSS

through the FoP transfer mechanism from the Securities Account of the Transaction Member and/or the designated Sub-Registry to the Securities Account of the Government in the total nominal value of the serial of SUN secured by no later than the cut-off warning of BI-SSSS.

- d) after the security settlement as intended in letter c) accomplished, Bank Indonesia shall register the issuance of the serial of the lent SUN and credit the Securities Account of the Transaction Member and/or the designated Sub-Registry in the total nominal value of the lent SUN.

2) Settlement of Repayment of SUN Lending

On the date of settlement of repayment of SUN lending, the following matters shall be performed:

- a) Bank Indonesia shall make early redemption of the serial of the SUN lent by the Transaction Member by debiting the Securities Account of the Transaction Member and/or the designated Sub-Registry in the total nominal value of the SUN lent by no later than 14.00 WIB or at the time determined by the Department of Finance.

- b) After the early redemption as intended in letter a) is accomplished, the Transaction Member or the designated Sub-Registry and Bank Indonesia on behalf of the Government shall make transfer settlement of the serial of the SUN secured through the FoP transfer mechanism from the Securities Account of the Government to the Securities Account of the Transaction Member and/or the designated Sub-Registry in the total nominal value of the SUN secured by no later than the cut-off warning of BI-SSSS.
 - c) in the event that the settlement as intended in letter a) cannot be made, the settlement of repayment of the SUN lent shall be declared as fail.
 - 3) SUN Lending Facility Extension
 - a) In the event that the Minister *c.q.* the Director General of Debt Management approves the SUN Lending Facility extension, on the date of settlement, the following matter shall be performed:
 - (1) the procedures for settlement of repayment of SUN lending as intended in number 2) shall not be performed; and
 - (2) The Transaction Member shall pay the fees for SUN Lending

Facility extension in accordance with the procedures as intended in point 1)a) and deliver the receipt in accordance with the procedures as intended in point 1)b).

- b) the repayment of extended SUN lending shall be made in accordance with the procedures for settlement as intended in number 2).
- 4) Security Settlement Process
- a) In the event that the settlement of repayment of SUN lent is declared as fail as intended in point 2)c), the Minister *c.q.* the Director General of Debt Management may offer the exchange of the SUN secured with the SUN lent to the other Transaction Member.
 - b) Based on the exchange transaction of SUN made by the Minister *c.q.* the Director General of Debt Management as intended in letter a), Bank Indonesia on behalf of the Minister *c.q.* the Director General of Debt Management and the Transaction Member as the counterparty shall make the settlement through BI-SSSS on a FoP basis.
 - c) In the event of cash difference caused by the exchange transaction of SUN as

intended in letter b), the settlement shall be made bilaterally between the Transaction Member who purchases the security and the Transaction Member who fails to execute the settlement.

4. Settlement of Retail State Bond (ORI)
 - a. Settlement of ORI shall be made in 2 (two) business days as of the decision on ORI allotment result in the Primary Market (T+2).
 - b. The Transaction Member may designate a Paying Bank to make fund settlement.
 - c. On the date of settlement, Bank Indonesia shall make settlement of ORI issuance as follows:
 - 1) Fund Settlement

Fund settlement shall be made through BI-RTGS System by debiting the Giro Account of the designated Paying Bank and crediting the Giro Account of the Government in the amount of settlement value.
 - 2) Securities Settlement

In the event that the fund settlement is accomplished, the securities settlement shall be made by crediting the Securities Account of the Sub-Registry designated by the individual investor who purchases ORI in the amount of ORI allotment value.
 - d. In the event that the fund in the Giro Account of the designated Paying Bank is insufficient up to the cut-off warning of BI-RTGS System, ORI settlement as intended in point c.2) shall not be made.

5. Settlement of Direct SUN Transaction Result

- a. Settlement of Direct SUN Transaction result shall be made in 2 (two) business days as of the date of transaction (T+2).
- b. Bank Indonesia shall make settlement with the following procedures:
 - 1) Direct Sale Transaction of SUN in the Primar Market
 - a) Registering the issuance of SUN resulting from the Direct Transaction of SUN determined by the Minister *c.q.* the Director General of Debt Management.
 - b) Executing the following settlement:
 - (1) Fund Settlement
Fund Settlement shall be made through BI-RTGS System by debiting the Giro Account of the Transaction Member and/or the designated Paying Bank and crediting the Giro Account of the Government in the amount of settlement value.
 - (2) Securities Settlement
Securities settlement shall be made by crediting the Securities Account of the Transaction Member and/or the designated Sub-Registry in the amount of SUN nominal value.

- 2) Direct Buyback Transaction of SUN in the Secondary Market
 - a) Securities Settlement
 - (1) Debiting the Securities Account of the Transaction Member and/or the designated Sub-Registry in the total nominal value of the serial of SUN sold to the Government.
 - (2) Making early redemption of the serial number of SUN bought back by the Government.
 - b) Fund Settlement

Fund settlement shall be made through BI-RTGS System by debiting the Giro Account of the Government and crediting the Giro Account of the Transaction Member and/or the designated Paying Bank in the amount of the settlement value.
- c. In the event that the fund in the Giro Account of the Transaction Member and/or the designated Paying Bank is insufficient up to the cut-off warning of BI-RTGS System as intended in point b.1)b)(1) or the Securities Account of the Transaction Member and/or the designated Sub-Registry is insufficient to make the settlement of securities as intended in point b.2)a)(1), the Direct Transaction of SUN shall be declared as fail.

6. Settlement of Results of Sale of SUN through Private Placement

- a) The settlement of the results of sale of SUN through private placement shall be made by no earlier than 2 (two) business days and by no later than 5 (five) business days as of the date of transaction agreement.
- b) The Transaction Member may designate a Paying Bank to make fund settlement.
- c) Bank Indonesia shall make settlement with the following procedures:
 - 1) registering the issuance of SUN resulting from the sale through Private Placement determined by the Minister *c.q.* the Director General of Debt Management.
 - 2) executing the following settlement:
 - (a) Fund Settlement

Fund settlement shall be made through BI-RTGS System by debiting the Giro Account of the Transaction Member and/or the designated Paying Bank and crediting the Giro Account of the Government in the amount of the settlement value.
 - (b) Securities Settlement

In the event that the fund settlement is accomplished, securities settlement shall be made by crediting the Securities Account of the Transaction Member and/or the designated Sub-

Registry in the amount of the SUN nominal value.

- 3) In the event that the fund in the Giro Account of the Transaction Member and/or the designated Paying Bank is insufficient up to the cut-off warning of BI-RTGS System, the intended transaction settlement of Private Placement shall be declared as fail.

C. Procedures for Payment of Coupon and/or Settlement of Principal Amount

1. The payment of coupon and/or the settlement of principal amount of SUN shall be based on the SUN ownership registration with the Central Registry in 2 (two) business days prior to the due date of the payment of coupon and/or principal amount of SUN (T-2).
2. Bank Indonesia as the paying agent shall make payment of coupon on the due date of payment of coupon and payment of principal amount of SUN on the due date of SUN.
3. The payment of SUN coupon or principal value shall be made by debiting the Giro Account of the Government and crediting in the amount of the value of SUN coupon and/or principal in:
 - a. The Giro Account of Bank for the SUN owned in the name of the relevant Bank; and/or
 - b. The Giro Account of the Paying Bank designated by a Sub-Registry for the SUN owned in the name of the Sub-Registry client.
4. On the same day when Bank Indonesia makes payment of coupon and/or settlement of principal amount of SUN, the Sub-Registry shall be required to make payment of coupon

and/or principal amount of SUN by crediting the account of the client registered with the Sub-Registry in the amount of the SUN coupon and/or principal.

D. Settlement of SUN Transaction in the Secondary Market

1. SUN transaction made in the Secondary Market shall be, among other things, outright sale/purchase transaction, sale transaction with repurchase agreement, security transaction of SUN (collateral) and/or lending transaction of SUN with other securities as the collateral (securities lending and borrowing).
2. The procedures for transaction settlement of SUN in the Secondary Market as intended in number 1 shall be performed in accordance with the provisions of Bank Indonesia regulating BI-SSSS.

IV. Closing Provisions

By the coming into effect of this Circular Letter, Circular Letter of Bank Indonesia No. 9/4/DPM dated March 16, 2007 concerning the Procedures for Auction for State Notes in the Primary Market and Administration of State Notes as amended by Circular Letter of Bank Indonesia No. 10/18/DPM dated April 15, 2008 shall be revoked and declared as void.

The provisions in this Circular Letter shall come into effect on December 7, 2009.

For public cognizance, ordering the announcement of this Circular Letter by promulgating it in the State Gazette of the Republic of Indonesia.

Please, be informed accordingly.

BANK INDONESIA,

HENDAR

DIRECTOR OF MONETARY MANAGEMENT